

Economic uncertainty is causing most companies to reduce spending and hold down costs. Those reductions have caused air freight volume to drop all over the world. The drop in volume means a drop in revenue for ABX Air. Our spending needs to be in line with our revenue. ABX Air must respond to these weak economic times so it can position itself for a strong recovery when the economy rebounds. Uncertainties with DHL business and the increased competition in the ACMI market are driving changes to our business model right now. Quality service at competitive rates is essential and cost controls are the most effective way to accomplish this quickly.

Cost Control Efforts

Immediate cost control efforts include:

1. Pay Plan for 2009 freezes all increases – Merit and Step Scale
 - Effective February 23, 2009, and lasting 52 weeks
 - All employees will be affected
 - Performance appraisals and merit increases due before February 23, 2009, will be completed and implemented
 - Performance appraisals will continue as scheduled throughout the freeze, however no merit increases will be implemented
2. Excellent Attendance Program suspended for 2009
3. The Baby Bond and Flower Programs suspended in 2009
4. On January 1, 2009, ABX Air employees assumed more of the costs for medical benefits through higher deductibles, co-pays, etc.
 - No further changes to the medical benefits are expected throughout 2009
 - We expect more changes in 2010
 - Changes to 2009 long-term disability plan will include a new vendor stipulating different exclusions

Future considerations

As ABX Air becomes a smaller company, all of our policies and programs will be reviewed to determine changes that are appropriate to our new size, structure and business environment. Some policies/plans that will be subject to review include:

- Step scales, pay ranges and individual pay rates
- Policies and programs that drive costs (sick time, attendance, leave of absence, disability benefits, overtime, premium pay, holidays, reduction-in-force/layoff, shift differential and vacation)
- Pension plans
- Per diem and mileage rates

ABX Air has a viable business plan that involves keeping our costs in line with our revenue so that we may retain as many employees as possible. We are preparing for a long-term future and will continue to explore business opportunities (DHL, Charters, USPS work, etc.).

Please forward your questions to your management, Employee Relations, our CEO, Joe.Hete@abxair.com, our President John.Grabber@abxair.com, or our Vice President of Human Resources John.Starkovich@abxair.com.